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August 11, 2017

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554**Re: WC Docket 11-42  
Lifeline Biennial Audit of True Wireless, LLC  
Independent Accountant's Report on Applying Agreed-Upon Procedure  
Year Ended December 31, 2015**

Dear Ms. Dortch:

Pursuant to paragraphs 9 and 15(c) of the FCC's General Standard Procedures for the Lifeline Biennial Audit, True Wireless, LLC ("True Wireless") hereby re-submits the Independent Accountant's Report on Applying Agreed-Upon Procedures for the year ended December 31, 2015 to: (1) Charles Tyler, Travis Litman and Jodie Griffen of the Telecommunications Access Policy Division, (2) Thomas Buckley of the Office of the Managing Director, and (3) Michelle Garber of the Universal Service Administrative Company. True Wireless is also submitting a copy of the report to WC Docket 11-42 and to the relevant state public utility commissions.

True Wireless submitted its Report to the relevant persons at the FCC and USAC yesterday, but is submitting today a version that updates certain formatting of the Report.

Please contact the undersigned if you have any questions.

Sincerely,

Danielle Frappier  
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**TRUE WIRELESS LLC  
LIFELINE BIENNIAL AUDIT**

Independent Accountant's Report  
On Applying Agreed-Upon Procedures  
Year Ended December 31, 2015

**McBRIDE, LOCK & ASSOCIATES, LLC**

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CERTIFIED PUBLIC ACCOUNTANTS  
KANSAS CITY

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McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Managements of True Wireless LLC,  
the Universal Service Administrative Company (USAC), and  
the Federal Communications Commission (FCC or Commission):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau,<sup>1</sup> solely to assist you in evaluating True Wireless LLC's compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2015. True Wireless LLC's management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (2011 Revision).<sup>2</sup> The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.<sup>3</sup>

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on True Wireless LLC's compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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<sup>1</sup> See *Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, WC Docket No. 11-42, Public Notice, DA 14-450 (rel. Apr. 2, 2014).

<sup>2</sup> See U.S. Government Accountability Office, *Government Auditing Standards*, GAO 12-331G (rev. Dec. 2011).

<sup>3</sup> See 18 U.S.C. § 1028(d)(7) (definition of means of identification) and 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information).

This report is intended solely for the information and use of the managements of True Wireless LLC, USAC, and the FCC, and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

A handwritten signature in black ink that reads "McBride, Lock & Associates LLC". The signature is written in a cursive, flowing style.

McBride, Lock & Associates, LLC  
August 10, 2017

## **ATTACHMENT A**

Attachment A enumerates the agreed-upon procedures for True Wireless LLC, the associated results, and any management responses obtained in relation to the exceptions identified.

### **Objective 1: Carrier Obligation to Offer Lifeline**

#### ***Procedure 1***

McBride, Lock & Associates, LLC inquired of management on July 10, 2017 and obtained the carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

McBride, Lock & Associates, LLC examined the carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

McBride, Lock & Associates, LLC noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.

#### ***Procedure 2***

McBride, Lock & Associates, LLC inspected 10 examples of carrier marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Lifeline Biennial Audit Plan.

McBride, Lock & Associates, LLC noted the inspected marketing materials contained the required information.

No exceptions noted.

#### ***Procedure 3***

- a. McBride, Lock & Associates, LLC reviewed the carrier's responses to the background questionnaire regarding the carrier's policies for (1) how subscribers notify the carrier of the subscriber's intent to cancel service or give notification that s/he is no longer eligible to receive Lifeline service and (2) when de-enrollment for such notifications occurs.

McBride, Lock & Associates, LLC verified these policies are designed to (1) allow subscribers to make the notifications required by 47 C.F.R. §§ 54.410(d)(3)(ii) and (iv) and (2) prevent the carrier from claiming ineligible subscribers on the FCC Form 497 or subscribers who wish to cancel service.

- b. In addition, McBride, Lock & Associates, LLC called two customer care numbers, which were provided in response to Item 8 of Appendix A, and two customer care numbers identified in the marketing materials provided in response to Item 6 of Appendix A.

McBride, Lock & Associates, LLC noted the following results:

Customer Care Number	Operational (Y/N)	IVR System (Y/N)	Live Customer Care Option (Y/N)
877-818-7464	Y	Y	Y
877-412-1919	Y	Y	Y
855-583-7889	Y	Y	Y
855-445-6456	Y	Y	Y

No exceptions noted.

***Procedure 4***

McBride, Lock & Associates, LLC inspected applicable policies and procedures regarding de-enrollment from the program, including when the ETC will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below.

- a. McBride, Lock & Associates, LLC inspected the ETC's policy and procedures for de-enrollment where the ETC has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. §54.409, as provided in response to Item 4 of Appendix A, as well as de-enrollment letters provided in response to Item 11 of Appendix A.

McBride, Lock & Associates, LLC noted that the ETC does not have a written policy, but the description of procedures detailing the process for communications between the subscriber and ETC regarding de-enrollment, included: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service for failure to demonstrate eligibility.

McBride, Lock & Associates, LLC did not identify any areas which were not in compliance with section 54.405(e)(1) of the Commission's rules.

No exceptions noted.

- b. McBride, Lock & Associates, LLC inspected the carrier's policy and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support).

McBride, Lock & Associates, LLC noted that the ETC does not have a written policy, but the description of procedures stated that the ETC will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by section 54.405(e)(2) of the Commission's rules.

No exceptions noted.



- c. McBride, Lock & Associates, LLC inspected the carrier's policy and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program, as well as non-usage termination notifications provided in response to Item 18 of Appendix A.

McBride, Lock & Associates, LLC examined the policy and procedures and non-usage termination notifications to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service.

**McBride, Lock & Associates, LLC noted that the non-usage termination notifications provided in response to Item 18 of Appendix A did not notify the subscriber that failure to use the Lifeline service within the 30-day notice period will result in service termination. This is not in compliance with section 54.405(e)(3) of the Commission's rules.**

**There is no monetary effect associated with this finding.**

*True Wireless LLC Response:* During the audit period, True Wireless sent its impending termination notices on 15 day intervals (subscribers received a message on days 15, 30, etc.). Each notice included language stating that failure to use the service will result in de-enrollment. Moving forward, True Wireless will explicitly state the 30-day de-enrollment period in its messages.

- d. McBride, Lock & Associates, LLC reviewed the carrier's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process, as well as recertification requests provided in response to Item 19 of Appendix A.

McBride, Lock & Associates, LLC examined the policy and procedures and recertification requests to verify if the communications explained that the subscriber has 30 days following the date of the notice to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service.

In addition, McBride, Lock & Associates, LLC examined the recertification requests and the carrier's responses to the background questionnaire and verified that the recertification requests were sent by a method separate from the subscriber's bill (if the customer received a bill from the carrier).

**McBride, Lock & Associates, LLC noted that the recertification requests provided in response to Item 19 of Appendix A did not notify the subscriber that failure to respond to the recertification request within 30 days of the date of the request will trigger de-enrollment. This is not in compliance with section 54.405(e)(4) of the Commission's rules.**

**There is no monetary effect associated with this finding.**

*True Wireless LLC Response:* During the audit period, True Wireless sent its impending termination notices in 15 day intervals (subscribers received a message on days 15, 30, etc.). Each notice included language stating that failure to recertify will result in de-enrollment. Moving forward, True Wireless will explicitly state the 30-day de-enrollment period in its messages.

## **OBJECTIVE II: Consumer Qualification for Lifeline.**

### ***Procedure 1***

McBride, Lock & Associates, LLC inquired of management on July 10, 2017 and obtained carrier policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Item 4 of Appendix A.

McBride, Lock & Associates, LLC examined the policies and procedures. McBride, Lock & Associates, LLC compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in 54.409(c) (Appendix F).

McBride, Lock & Associates, LLC did not note any discrepancies between the policies and procedures and the Commission's rule.

No exceptions noted.

### ***Procedure 2***

McBride, Lock & Associates, LLC reviewed procedures the carrier has in place to ensure it has accurately completed the FCC Form 497. The carrier did not have such procedures. McBride, Lock & Associates, LLC inquired of management to describe the process for completing a FCC Form 497. McBride, Lock & Associates, LLC noted the following:

- The Vice President of Internal Operations is responsible for obtaining data for the FCC Form 497;
- The process for determining which subscribers should be included monthly in the FCC Form 497 does not include the use of cut-off or billing cycle dates. The carrier reviews monthly reports generated from the system to claim all subscribers who received Lifeline service during the month;
- The carrier's President's signature is required for the FCC Form 497;
- A verification process exists to perform an independent review; that is, the person reviewing or validating the form's data, the carrier's President, is different from the person completing the form the Vice President of Internal Operations; and
- The process provided the name of the billing system used to generate completion of the form.

No exceptions noted.

### ***Procedure 3***

McBride, Lock & Associates, LLC obtained the Subscriber List in response to Item 1 of Appendix A and obtained the carrier's FCC Form 497(s) for study areas 409031, 189018 and 449060 in the states of Arkansas, Maryland and Texas for the selected month of November 2015.

McBride, Lock & Associates, LLC compared the number of subscribers reported on the Form 497(s) to the number of subscribers contained on the Subscriber List for each study area.

McBride, Lock & Associates, LLC did not note any discrepancies in the number of subscribers.

No exceptions noted.

***Procedure 4***

McBride, Lock & Associates, LLC used computer-assisted audit techniques and examined the Subscriber List. McBride, Lock & Associates LLC noted that there were 1,222 duplicate addresses with different subscribers. McBride, Lock & Associates, LLC created a list reflecting these results.

No exceptions noted.

***Procedure 5***

McBride, Lock & Associates, LLC used the list completed in Procedure 4 above, and randomly selected 30 subscribers from the list. Since subscribers must only complete a one-per-household certification form if existing Lifeline recipients reside at the same address, McBride, Lock & Associates, LLC eliminated first subscribers residing at the address and randomly selected a new subscriber. On July 17, 2017 McBride, Lock & Associates, LLC used Appendix D to request copies from the ETC of the one-per-household certification form for each of the selected subscribers.

McBride, Lock & Associates, LLC verified that the provided one-per-household documentation included the following requirements and the selected subscribers certified to only receiving one Lifeline-supported service in his/her household:

- a. An explanation of the Commission's one-per-household rule;
- b. A check box that an applicant can mark to indicate that he or she lives at an address occupied by multiple households;
- c. A space for the applicant to certify that he or she shares an address with other adults who do not contribute income to the applicant's household and share in the household's expenses or benefit from the applicant's income, pursuant to the definition we adopt here today; and
- d. The penalty for a consumer's failure to make the required one-per-household certification (i.e., de-enrollment).

McBride, Lock & Associates, LLC did not note any missing or incomplete certifications. Even if subscribers were enrolled in the program prior to June 2012, the effective date of the one-per-household requirement, McBride, Lock & Associates, LLC noted that at least one subscriber at each address had completed a one-per-household worksheet.<sup>4</sup>

No exceptions noted.

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<sup>4</sup> The Commission requires that all ETCs collect the one-per-household worksheet when they learn that a subscriber resides in the same address as another Lifeline subscriber. *See Lifeline Reform Order*, 27 FCC Rcd at 6691, 6895-96, para. 78, App. C.

### **OBJECTIVE III: Subscriber Eligibility Determination and Certification.**

#### ***Procedure 1***

McBride, Lock & Associates, LLC inquired of management on July 10, 2017 and obtained carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier in response to Item 4 of Appendix A.

McBride, Lock & Associates, LLC examined the policies and procedures. McBride, Lock & Associates, LLC compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in section 54.410 (Appendix F).

McBride, Lock & Associates, LLC did not note any discrepancies between the policies and procedures and the Commission's rule. Specifically, McBride, Lock & Associates, LLC noted that policies and procedures:

- a. included a policy that the ETC does not retain copies of subscribers' proof of income- or program-based eligibility.<sup>5</sup>
- b. included a procedure that the ETC must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that the ETC or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

No exceptions noted.

#### ***Procedure 2***

McBride, Lock & Associates, LLC examined the ETC's policies and procedures for training employees and agents for ensuring that the ETC's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training.

- a. In states that participate in NLAD, McBride, Lock & Associates, LLC noted:
  - i. The ETC ensures employees and agents are trained on the use and interaction with the NLAD, by requiring those personnel to receive training, as outlined in the Corporate Training Manual specific to states that participate in NLAD, upon hiring and on an ongoing basis. The ETC does not retain evidence for the initial or subsequent trainings of its employees/agents. The ETC's policy is to limit access to NLAD to personnel who monitor or manage the ETC's data in the NLAD database.
  - ii. The ETCs Corporate Training Manual, specific to states that participate in NLAD outlines the rules for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service. The ETC compiles its data for

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<sup>5</sup> Subsequent to the audit period year, the Commission's rules were modified to require ETCs to retain copies of subscribers' proof of income- or program-based eligibility. Because this change was effective subsequent to the audit period, the auditor should audit to the Commission's rules in place during the audit period year (*i.e.*, ETCs must not retain copies of subscribers' proof of income- or program-based eligibility).

Form 497 filings, and then reconciles and audits the data against NLAD to reduce or prevent unreliable source data.

- b. In NLAD opt-out states, McBride, Lock & Associates, LLC noted:
  - i. The ETC ensures employees and agents are trained on the use and interaction with the state administrator, by requiring those personnel to receive training, as outlined in the Corporate Training Manual specific to opt-out states, upon hiring and on an ongoing basis. The ETC does not retain evidence for the initial or subsequent trainings of its employees/agents. The ETC's policy is to limit access to the state administrator to personnel who monitor or manage the ETC's data in the state administrator database.
  - ii. The ETCs Corporate Training Manual specific to opt-out states, outlines the rules for ensuring subscribers are eligible to receive Lifeline services and have completed all forms necessary to receive service. The ETC compiles its data for Form 497 filings, and then reconciles and audits the data against the state administrator to reduce or prevent unreliable source data.
- c. In all states, McBride, Lock & Associates, LLC noted that the ETC requires employees receive Lifeline subscriber eligibility and certification trainings at the time of hire and on an ongoing basis. However, the ETC does not maintain evidence of completion of these trainings.

No exceptions noted.

### ***Procedure 3***

McBride, Lock & Associates, LLC randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, McBride, Lock & Associates, LLC performed the test described below, for each of the subscriber's certification/recertification forms obtained using Appendix E. After performing the tests described below for the first 50 sampled subscriber, it was determined that there was one error in the 50 sample subscribers resulting in an error rate less than 5 percent,<sup>6</sup> so McBride, Lock & Associates, LLC did not test the remaining 50 subscribers in the sample.

- a. McBride, Lock & Associates, LLC examined the subscriber certification and recertification forms, if any, and verified the forms contained the following information:
  - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
  - ii. Only one Lifeline service is available per household;
  - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
  - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
  - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
  - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;

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<sup>6</sup> A subscriber certification or recertification form is considered in "error" if it does not comply with all of the requirements identified in Objective III, Procedure 3.a or 3.b.

- vii. Required each prospective subscriber to provide the following information:
  - 1. The subscriber's full name;
  - 2. The subscriber's full residential address;
  - 3. Whether the subscriber's residential address is permanent or temporary;
  - 4. The subscriber's billing address, if different from the subscriber's residential address;
  - 5. The subscriber's date of birth;
  - 6. The last four digits of the subscriber's social security number;
  - 7. If the subscriber was seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
  - 8. If the subscriber was seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.
- viii. Required each prospective subscriber to certify, under penalty of perjury, that:
  - 1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409;
  - 2. The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
  - 3. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days;
  - 4. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
  - 5. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge,
  - 6. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
  - 7. The subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).

**One of the 50 certification and recertification forms, only included the elements identified in vii.1, 2., 4. and 7. due to the IVR recording being incomplete.**

- b. McBride, Lock & Associates, LLC compared the ETC's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria listed in per 47 C.F.R. § 54.409, as well as any additional state eligibility criteria identified in Item 4 of Appendix A. McBride, Lock & Associates, LLC did not note any discrepancies.

No exceptions noted.

- c. McBride, Lock & Associates, LLC verified the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms.

**McBride, Lock & Associates, LLC noted that one of 50 subscriber's certifications or recertification forms showed the subscriber did not complete all the required elements as described previously in Objective III – 3 a.**

- d. McBride, Lock & Associates, LLC examined the subscriber's certification/recertification form to verify the forms were dated prior to the end of the selected Form 497 data month of November 2015. If the provided subscriber certification/recertification form was the subscriber's initial certification form, McBride, Lock & Associates, LLC verified the form was dated prior to or on the same day as the Lifeline start date per the subscriber listing.

**McBride, Lock & Associates, LLC noted that 11 of the 50 subscriber's certification/recertification forms provided were not dated within the twelve months prior to the selected Form 497 month of November 2015.**

- e. McBride, Lock & Associates, LLC reviewed the list of the data source or documentation the ETC reviewed to confirm the subscriber's eligibility using Appendix E. McBride, Lock & Associates, LLC verified the recorded data sources were eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

No exceptions noted.

**Total support claimed in November 2015 for the 12 subscribers noted above amounted to \$111.00.**

*True Wireless LLC Response:* True Wireless has provided a 2015 re-certification form for one of the subscribers identified by the auditors above. With respect to three of the subscribers identified above, they were disconnected in early January 2016 for failure to respond to True Wireless' re-certification notices. The Lifeline disconnect dates for these subscribers had previously been inadvertently provided to the auditors in European order (i.e., 8/1/2016 instead of 1/8/2016). Additionally, one subscriber was not recertified in 2015 because the state administrator informed True Wireless that the person was not eligible in February 2015, and therefore, that person was not part of the 2015 re-certification effort. The continuing eligibility of the remaining subscribers was verified each month with the state administrator prior to claiming that subscriber on the FCC Form 497.

**OBJECTIVE IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers.**

***Procedure 1***

McBride, Lock & Associates, LLC inquired of management on July 10, 2017 and obtained carrier policies and procedures for ensuring that the carrier has made and submitted the annual certifications required under sections 54.416 (i.e., FCC Form 555) and 54.422 (i.e., FCC Form 481) of the Commission's rules, as provided by the carrier in response to Items 4, 12 and 13 of Appendix A.

McBride, Lock & Associates, LLC compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in sections 54.416 and 54.422 (Appendix F).

McBride, Lock & Associates, LLC noted that the carrier did not have specific written policies related to the certifications required under sections 54.416 and 54.422. Review of carrier policies and management responses did not note any discrepancies with the Commission's rules.

No exceptions noted.

***Procedure 2***

McBride, Lock & Associates, LLC examined the ETC's FCC Form 555 that was filed the January following the audit period provided by the carrier in response to Item 12 of Appendix A. McBride, Lock & Associates, LLC verified the carrier made all of the required certifications. The President of the ETC certified that he understands the Commission's Lifeline rules and requirements and that the carrier:

- a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
- b. Is in compliance with all federal Lifeline certification procedures; and
- c. In instances where an ETC confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. § 54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.

No exceptions noted.

***Procedure 3***

McBride, Lock & Associates, LLC examined the ETC's organizational chart provided in response to Item 5 of Appendix A. McBride, Lock & Associates, LLC verified that the certifying officer on the FCC Form 555 is an officer per the organizational chart or other publicly available documents.

No exceptions noted.

***Procedure 4***

McBride, Lock & Associates, LLC verified that the subscriber count per the FCC Form 555 agreed with the total subscriber count per the February FCC Forms 497 provided by the carrier in response to Item 15 of Appendix A.



**McBride, Lock & Associates, LLC noted that the subscriber count per the FCC Form 555 did not agree to the total subscriber count per the February FCC Forms 497 as follows:**

<u>State</u>	<u>FCC Form 497</u>	<u>FCC Form 555</u>	<u>Variance</u>
Texas	288	281	7

**Total support claimed in February 2015 for these 7 subscribers amounted to \$64.75.**

*True Wireless LLC Response:* True Wireless will file a revised Form 555 for Texas to correct the subscriber count.

***Procedure 5***

McBride, Lock & Associates, LLC verified that the recertification data reported on the FCC Form 555 agreed with the detailed recertification results provided by the carrier in response to Item 9 of Appendix A.

No exceptions noted.

***Procedure 6***

McBride, Lock & Associates, LLC verified that the non-usage data reported on the FCC Form 555 for the selected month agreed with the detailed non-usage results provided by the carrier in response to Item 10 of Appendix A.

No exceptions noted.

***Procedure 7***

McBride, Lock & Associates, LLC reviewed the carrier's Form 481, as provided by the carrier in response to Item 13 of Appendix A.

McBride, Lock & Associates, LLC verified that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).

No exceptions noted.

***Procedure 8***

McBride, Lock & Associates, LLC reviewed any supporting schedules related to the carrier's FCC Form 481, as provided by the carrier in response to Items 16 and 17 of Appendix A.

McBride, Lock & Associates, LLC noted that none of the ETC's designations were made by the FCC thus no supporting schedules were required.

No exceptions noted.

***Procedure 9***

McBride, Lock & Associates, LLC inquired of management on July 10, 2017 and obtained carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by the carrier in response to Item 4 of Appendix A.

McBride, Lock & Associates, LLC examined the policies and procedures. McBride, Lock & Associates, LLC compared the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. § 54.417.

McBride, Lock & Associates, LLC did not note any discrepancies between the policies and procedures and the Commission's rule.

No exceptions noted.

August 10, 2017

Aaron Rhodenbaugh, CPA  
McBride, Lock & Associates, LLC  
1111 Main St, #900  
Kansas City, MO 64105

Re: 2017 Biennial Audit Responses

Dear Mr. Rhodenbaugh:

Below, please find the response of True Wireless, LLC (“True Wireless”) to the audit findings identified in the Biennial Audit for year ended Dec. 31, 2015 performed by McBride, Locke & Associates, LLC.

***Objective I, Procedure 4***

c. McBride, Lock & Associates, LLC inspected the carrier’s policy and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program, as well as non-usage termination notifications provided in response to Item 18 of Appendix A.

McBride, Lock & Associates, LLC examined the policy and procedures and non-usage termination notifications to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service.

**McBride, Lock & Associates, LLC noted that the non-usage termination notifications provided in response to Item 18 of Appendix A did not notify the subscriber that failure to use the Lifeline service within the 30-day notice period will result in service termination. This is not in compliance with section 54.405(e)(3) the Commission’s rules.**

**There is no monetary effect associated with this finding.**

*True Wireless Response: During the audit period, True Wireless sent its impending termination notices on 15 day intervals (subscribers received a message on days 15, 30, etc.). Each notice*

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*included language stating that failure to use the service will result in de-enrollment. Moving forward, True Wireless will explicitly state the 30-day de-enrollment period in its messages.*

d. McBride, Lock & Associates, LLC reviewed the carrier's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process, as well recertification requests provided in response to Item 19 of Appendix A.

McBride, Lock Associates, LLC examined the policy and procedures and recertification requests to verify if the communications explained that the subscriber has 30 days following the date of the notice to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service.

In addition, McBride, Lock & Associates, LLC examined the recertification requests and the carrier's responses to the background questionnaire and verified that the recertification requests were sent by a method separate from the subscriber's bill (if the customer received a bill from the carrier).

**McBride, Lock Associates, LLC noted that the recertification requests provided in response to Item 19 of Appendix A did not notify the subscriber that failure to respond to the recertification request within 30 days of the date of the request will trigger de-enrollment. This is not in compliance with section 54.405(e)(4) of the Commission's rules.**

**There is no monetary effect associated with this finding.**

*True Wireless Response: During the audit period, True Wireless sent its impending termination notices in 15 day intervals (subscribers received a message on days 15, 30, etc.). Each notice included language stating that failure to recertfy will result in de-enrollment. Moving forward, True Wireless will explicitly state the 30-day de-enrollment period in its messages.*

### ***Procedure 3***

McBride, Lock & Associates, LLC randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, McBride, Lock & Associates, LLC performed the test described below, for each of the subscriber's certification/recertification forms obtained using Appendix E. After performing the tests described below for the first 50 sampled subscriber, it was determined that there was one error in the 50 sample subscribers resulting in an error rate less than 5 percent,<sup>6</sup> so McBride, Lock & Associates, LLC did not test the remaining 50 subscribers in the sample.

- a. McBride, Lock & Associates, LLC examined the subscriber certification and recertification forms, if any, and verified the forms contained the following information:
  - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
  - ii. Only one Lifeline service is available per household;
  - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
  - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
  - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
  - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
  - vii. Required each prospective subscriber to provide the following information:
    - 1. The subscriber's full name;
    - 2. The subscriber's full residential address;
    - 3. Whether the subscriber's residential address is permanent or temporary;
    - 4. The subscriber's billing address, if different from the subscriber's residential address;
    - 5. The subscriber's date of birth;
    - 6. The last four digits of the subscriber's social security number;
    - 7. If the subscriber was seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
    - 8. If the subscriber was seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.
  - viii. Required each prospective subscriber to certify, under penalty of perjury, that:
    - 1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409;
    - 2. The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
    - 3. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days;

4. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
5. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge,
6. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
7. The subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re- certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).

**One of the 50 certification and recertification forms, only included the elements identified in vii.1, 2., 4. and 7. due to the IVR recording being incomplete.**

- c. McBride, Lock & Associates, LLC verified the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms.

**McBride, Lock & Associates noted that one of 50 subscriber's certifications forms showed the subscriber did not complete all the required elements as described previously in Objective III – 3 a.**

- d. McBride, Lock & Associates, LLC examined the subscriber's certification/recertification form to verify the forms were dated prior to the end of the selected Form 497 data month of November 2015. If the provided subscriber certification/recertification form was the subscriber's initial certification form, McBride, Lock & Associates, LLC verified the form was dated prior to or on the same day as the Lifeline start date per the subscriber listing.

**McBride, Lock & Associates, LLC noted that 11 of the 50 subscriber's forms provided were not dated within the twelve months prior to the selected Form 497 month of November 2015.**

**Total support claimed in the 12 subscribers noted above amounted to \$111.00.**

*True Wireless, LLC Response: True Wireless has provided a 2015 re-certification form for one of the subscribers identified by the auditors above. With respect to three of the subscribers identified above, they were disconnected in early January 2016 for failure to respond to True*

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*Wireless' re-certification notices. The Lifeline disconnect dates for these subscribers had previously been inadvertently provided to the auditors in European order (i.e., 8/1/2016 instead of 1/8/2016). Additionally, one subscriber was not recertified in 2015 because the state administrator informed True Wireless that the person was not eligible in February 2015, and therefore, that person was not part of the 2015 re-certification effort. The continuing eligibility of the remaining subscribers was verified each month with the state administrator prior to claiming that subscriber on the FCC Form 497.*

***Objective IV, Procedure 4***

McBride, Lock & Associates, LLC verified that the subscriber count per the FCC Form 555 agreed with the total subscriber count per the February FCC Forms 497 provided by the carrier in response to Item 15 of Appendix A.

McBride, Lock & Associates, LLC noted that the subscriber count per the FCC Form 555 did not agree to the total subscriber count per the February FCC Forms 497 as follows:

	FCC	FCC	
State	Form 497	Form 555	Variance
Texas	288	281	7

Total support claimed in February 2015 for these 7 subscribers amounted to \$64.75.

*True Wireless Response: True Wireless will file a revised Form 555 for Texas to correct the subscriber count.*

Please let me know if you have additional questions regarding the audit responses.

Sincerely,

Davis Wright Tremaine LLP



Danielle Frappier





## **Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Part 54 of the Federal Communications Commission's Rules, Regulations and Related Orders**

Management of True Wireless, LLC ("True Wireless") is responsible for ensuring that the carrier is in compliance with applicable requirements of the Federal Communications Commission (FCC) rules at 47 C.F.R. §§ 54.101, 54.201, and 54.400-54.422 as well as related FCC Orders.

Management has performed an evaluation of the carrier's compliance with the applicable requirements of FCC rules at 47 C.F.R. §§ 54.101, 54.201, and 54.400-54.422, and related FCC Orders with respect to providing discounts to eligible low income consumers and seeking reimbursement from the Universal Service Fund (USF) during the period January 1, 2015 through December 31, 2015 (audit period).

**The Carrier makes the following assertions with respect to the provision of Lifeline service during the audit period:**

A. Carrier Obligation to Offer Lifeline – True Wireless asserts that it:

1. is an eligible telecommunications carrier (ETC) (47 C.F.R. § 54.201(a): Definition of eligible telecommunications carriers, generally, which discusses carrier eligibility) and provides the services required for eligibility (47 C.F.R. §§ 54.101(a): Services designated for support, and (b): Requirement to offer all designated services; which describe the services that an eligible carrier must offer to receive federal universal service support)
2. makes available Lifeline service, as defined in 47 C.F.R. § 54.401, to qualifying low-income consumers (47 C.F.R. § 54.405(a): Carrier obligation to offer lifeline, which discusses carriers' obligations to offer, publicize, notify and provide lifeline services)
3. publicizes the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service. (47 C.F.R. § 54.405(b): Carrier obligation to offer lifeline and 47 C.F.R. § 54.201(d)(2): Definition of eligible telecommunications carriers, generally, which requires the advertising of the availability of services)
4. indicates on all materials describing the service, using easily understood language, that it is a Lifeline service, that Lifeline is a government assistance program, the service is non-transferable, only eligible consumers may enroll in the program, and the program is limited to one discount per household. For the purposes of this section, the term "materials describing the service" includes all print, audio, video, and web



materials used to describe or enroll in the Lifeline service offering, including application and certification forms. (47 C.F.R. § 54.405(c): Carrier obligation to offer lifeline.)

5. 5. discloses the name of the eligible telecommunications carrier on all materials describing the service. (47 C.F.R. § 54.405(d): Carrier obligation to offer lifeline.)

B. Consumer Qualification for Lifeline – True Wireless asserts that it:

1. maintains policies and procedures that are effectively implemented to review and certify consumer eligibility for Lifeline. (47 C.F.R. § 54.409: Consumer Qualification for Lifeline, which discusses the certification and verification requirements). This includes that an officer of the carrier:
  - a. asserts that the carrier has implemented policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services. (47 C.F.R. § 54.410: Subscriber eligibility determination and certification, which also requires compliance with state certification procedures to document consumer eligibility)

C. Submission of Lifeline Worksheet (Form FCC 497) – True Wireless asserts that it:

1. submitted properly completed FCC Forms 497 for each month, representing discounts actually provided to subscribers, and has the required supporting documentation for the number of subscribers, rates and other information provided on the Form (47 C.F.R. § 54.407: Reimbursement for offering Lifeline, which discusses carrier reimbursement for providing Low Income Program support and requires the carrier to keep accurate records in the form directed by USAC and provide the records to USAC)

D. General Recordkeeping and Annual Certification Requirements – True Wireless asserts that:

1. it maintains records to document compliance with all Commission and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. Notwithstanding the preceding sentence, eligible telecommunications carriers must maintain the documentation required in § 54.410(d) and (f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier. (47 C.F.R. § 54.417(a))
2. if it provides Lifeline discounted wholesale services to a reseller, it must obtain a certification from that reseller that it is complying with all Commission requirements governing the Lifeline and Tribal Link Up program. (47 C.F.R. § 54.417(b))



3. complied with the annual certifications by eligible telecommunication carriers. (47 C.F.R. §§ 54.416, 54.422)

Dated August 10, 2017

A handwritten signature in black ink, appearing to be 'Brian Cox', written over a horizontal line.

Brian Cox  
Owner and Senior Official responsible for  
USF Compliance  
True Wireless, LLC





August 10, 2017

McBride, Lock & Associates, LLC  
Certified Public Accountants  
1111 Main, Suite 900  
Kansas City, Missouri 64105

Gentlemen:

We are providing this letter in connection with your agreed-upon procedures attestation audit of True Wireless, LLC ("the audited entity") as of December 31, 2015, and the 12 months then ended, for the purpose of assessing the ETC's overall compliance with the Lifeline program's rules and requirements. We confirm, to the best of our knowledge and belief as of the date of this letter, the following representations:

1. The audited entity has made available all records in its control, as a participant in the Lifeline program under the federal USF, necessary to successfully execute the Lifeline agreed-upon procedures attestation engagement.
2. Carrier is responsible for complying, and has complied, with requirements relating to 47 C.F.R. Part 54 Subparts B, C and E of the Commission rules governing the administration of the USF for the Lifeline Program.
3. Pursuant to Commission's Lifeline rules, the audited entity has only received reimbursement for each qualifying low-income consumer served, and that the reimbursement amount equals the federal support amount, including amounts described in 47 C.F.R. § 54.403(a) and (c).
4. The audited entity has no knowledge of any fraud or suspected fraud by management/employees of the ETC related to the administration of the Lifeline Program.
5. The audited entity has responded fully to all inquiries submitted by the auditor in the agreed-upon procedures attestation engagement.
6. The audited entity has reviewed the draft Attestation Report findings and management letter comments, where applicable, and concur that all non-compliance identified therein are included in the reports or management letters.
7. The audited entity has no knowledge of any events subsequent to the period of the subject matter being reported on that would have a material effect on the subject matter, or more specifically, the report opinions provided by the auditor, except as has been disclosed.
8. There have been no notices of action from state or federal regulatory agencies, including the Federal Communications Commission or state public utilities commission that would affect the subject matter, or, more specifically, the report observations provided by the audit firm.



Dated August 10, 2017

  
Name: Kevin Brian Cox